State of Washington
Decision Package
Department of Social and Health Services

FINAL

DP Code/Title: M2-TJ WMIP Savings Reduction
Program Level - 080 Medical Assistance

Budget Period: 2003-05 Version: H2 080 2003-05 2004 Sup-Agency Req

Recommendation Summary Text:

This request revises the savings attributed to the Washington Medicaid Integration Partnership project (WMIP) in the 2003-05 Biennial Budget. Statewide result number 4.

Fiscal Detail:

Operating Expenditures

	FY 1	FY 2	Total
Overall Funding			
001-1 General Fund - Basic Account-State	2,289,000	2,470,000	4,759,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	2,585,000	2,469,000	5,054,000
Total Cost	**4,874,000**	**4,939,000**	**9,813,000**

Staffing

Package Description:

The WMIP Project Team has received approval from the Legislature to implement the project during the 2003-05 Biennium. The project will transfer and integrate funding for Medicaid clients from separate budget categories for the Aging and Adult Services portion of Aging and Disability Services Administration (ADSA), Alcohol and Drug Abuse (DASA), Mental Health (MHD), and Medical Assistance Administration (MAA) programs. The 2003-05 Budget authorized the Department of Social and Health Services (DSHS) to "develop an integrated health care program designed to slow the progression of illness and disability and better manage Medicaid expenditures for the aged and disabled population." The proviso language limits daily program enrollment to 6,000 clients and mandates an evaluation of changes in cost, utilization, and client outcomes.

DSHS will contract with one or more health maintenance organizations, health care service contractors or other organization, legally and financially able to assume risk under a capitated payment arrangement. MAA was fortunate in that as planning moved forward, the Centers for Medicare and Medicaid Services (CMS) released a Request for Proposal that targets dual-eligible (Medicaid and Medicare) clients for enrollment in a capitated health plan. Three health plans included Washington in their proposal response, and anticipated CMS selections were hoped for in August of 2003. Since the announcement has been delayed, DSHS has developed a contingency timeline that does not rely on CMS' decisions. If CMS does announce an award in Washington this fall, the enrollment of dual-eligible clients may be slightly sooner than the July 1, 2004 target.

The WMIP will serve the aged, blind and disabled population 21 years old and over, including Medicaid-only and those dually-eligible for Medicare and Medicaid. Project enrollment will include up to 6,000 clients in one or more geographic areas selected by the contractors. The CMS responses targeted the large urban centers of King, Pierce and Snohomish Counties for implementation. At least for the 2003-05 Biennium, client enrollment will be voluntary. The WMIP demonstration will not include children under 21 years old, Healthy Options enrollees or TANF recipients.

Narrative Justification and Impact Statement

How contributes to strategic plan:

Performance Measure Detail

Program: 080

Goal: 13H Improve Health Service Access and Quality

	Incremental Changes FY 1	FY 2

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No measures submitted for package

Reason for change:

Clients and providers have indicated that DSHS has created barriers to effective care and service delivery because of the "silo" approach to funding. WMIP will test whether an integrated model of funding and service delivery can both improve client outcomes and reduce expenditures for the department.

Impact on clients and services:

The WMIP Demonstration aims to take advantage of the comprehensive Washington Medicaid benefit package in the delivery of client-focused, holistic, and seamless services. Managed care flexibility promotes cost-effective community-based care management. Selected partners will:

· Use risk screening for all enrollees and interdisciplinary assessment for high-risk clients;
· Involve clients in individualized care planning and coordinate with family members and caregivers;
· Forge partnerships between medical, nursing, social work, discharge planners and personal care providers;
· Use the chronic care model to link medical, pharmacy and community services;
· Use standards for preventive health and evidence-based treatment to guide care plan development and improve health outcomes;
· Cooperate with an independent evaluation of quality of care, health outcomes and financial impact of the project.

Medical services include: Primary care, prescription drugs and medication management, durable medical equipment, acute care hospital, medical specialty services, home health, and hospice care.

Long-Term Care includes: Personal care in the home and home health nursing services, community-residential care (adult family home, boarding home, assisted living), skilled nursing facility care, respite care, environmental modifications/assistive technology, transportation, adult day services, home-delivered meals, etc.

Mental Health Services include: Inpatient and outpatient community-based services.

Chemical Dependency Services include: Detoxification, assessment and referral, and a continuum of inpatient (residential/rehabilitation) and outpatient community based services, including opiate substitution treatment, and support services.

Impact on other state programs:

Although MAA is the lead for this project, it will affect ADSA, MHD, and DASA programs' disabled and aged enrollees.

Relationship to capital budget:

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

The Managed Care WAC needs to be amended to allow enrollment of clients with different categories of eligibility and to allow contractors with disability licenses through the Office of the Insurance Commissioner. New contracts are being developed for WMIP health plans.

Alternatives explored by agency:

Other integration projects are being tested but this project is the only one that includes all four categories of services and funding streams.

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Budget impacts in future biennia:

Potentially, the savings may grow in future biennia when plans are ready to enroll larger numbers of clients or DSHS may choose to make this program mandatory in certain counties.

Distinction between one-time and ongoing costs:

The project involves integration of funding streams and existing services to existing caseloads, there are no additional costs involved. Cost savings, when realized, will be ongoing.

Effects of non-funding:

The 2003-05 assumed savings will not be realized therefore MAA will over spend by $9.8 million.

Expenditure Calculations and Assumptions:

Categorical Medicaid funding streams will be integrated to support a monthly capitation payment. Medicaid funding for the WMIP Demonstration will come from the existing program budgets of MAA, ADSA, MHD and DASA. DSHS and the selected project partner(s) will negotiate a capitation payment formula that is fair and reasonable, and supports quality of care expectations. The rate model used for these projections has not been approved by the WMIP Steering Committee, which meets October 6, 2003.

The following assumptions have been made for cost savings estimates for WMIP:

· A linear increase in WMIP enrollment effective July 1, 2004 to 6,000 by January, 2005;
· Continuous enrollment of 6,000 clients per month after January 2005;
· Distribution of WMIP client demographics similar to the Supplemental Security Income population of King, Pierce, Snohomish counties.

Expenditures for this population assuming fee-for-service payment is $57,150,000; capitation will save on average $53 per-member/per-month, yielding cost savings of $2,857,000 in Fiscal Year 2005.

Object Detail

		FY 1	FY 2	Total
Overall Funding				
N	Grants, Benefits & Client Services	4,874,000	4,939,000	9,813,000

DSHS Source Code Detail

Overall Funding		FY 1	FY 2	Total
Fund 001-1, General Fund - Basic Account-State				
Sources	Title			
0011	General Fund State	2,289,000	2,470,000	4,759,000
	Total for Fund 001-1	**2,289,000**	**2,470,000**	**4,759,000**
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa				
Sources	Title			
19TA	Title XIX Assistance (FMAP)	2,585,000	2,469,000	5,054,000
	Total for Fund 001-C	**2,585,000**	**2,469,000**	**5,054,000**
	Total Overall Funding	**4,874,000**	**4,939,000**	**9,813,000**